

weekly economic

review

August 31, 2012

Canadian GDP

Business investment supports growth

In the second quarter of 2012, GDP in Canada grew 0.5% (1.8% annualized), matching the pace of growth posted in the previous two quarters. Growth was propelled primarily by business investment in inventories and capital, especially in non-residential structures and equipment. While exports grew at a tepid pace, imports of goods surged, leaving net exports a drag on growth.

Labour income in Alberta grew 1.2% from May to June, more than twice the national rate (0.5%) and highest among the provinces.

Average Weekly Earnings

Alberta average earnings jump \$15, the largest increase in 10 months

Average weekly earnings in Alberta jumped by 1.5% in June to \$1,070.68. The monthly increase may be attributed to a 2.8% rise in weekly hours worked and a 1.3% rise in hourly wages. On a year-over-year (y/y) basis, earnings grew 4.1%, faster than the 1.2% pace in May. Alberta average weekly earnings remain the highest in the country and 19.2% above the national average.

Nationally, average weekly earnings were \$898.00 in June, up 0.6% from May and 3.0% ahead of June 2011.

Corporate Profits

Canadian profits stumble

Canadian corporate profits fell 4.9% between the first and second quarters to \$71.9 billion. The decline was led by lower profits in the manufacturing, oil and gas and insurance industries. Manufacturing profits fell by 9.8% to \$12.2 billion due in part to lower prices for base metals and coal. Oil and gas profits were driven down by 31.0% to \$2.7 billion in the second

quarter due to lower crude oil prices and a widening differential between Canadian crude and the North American benchmark (WTI).

Rigs Drilling

Drilling activity trending below last year's level

For the third straight month, rigs drilling fell on a year-over-year basis in August. Drilling activity in Alberta's oil and gas industry was down 30.9% from August 2011, the largest decrease in almost three years. With four year-over-year decreases in the past six months, rigs drilling are now down 4.2% over the first eight months of the year, compared with the same period last year.

Nationally, rigs drilling fell 30.3% from August 2011.

Industrial and Raw Material Prices

Lower prices for petroleum and coal products weigh on prices

The industrial product price index (IPPI) fell for the third month in a row in July, but remains slightly ahead of the same month last year. The decline in the IPPI was due in part to continued weakness in primary metal and petroleum and coal products prices.

The raw materials price index (RMPI) fell by 10.0% (y/y) due to weakness in mineral fuels and nonferrous metals and ferrous materials.

Forestry products bucked the trend as wood products prices grew by 6.6% y/y (IPPI) and prices for raw wood materials grew by 6.7% over July 2011 (RMPI).

Alberta Average Weekly Earnings (levels and year-over-year % change)



Source: Statistics Canada

Closing Prices	August 23, 2012	August 30, 2012	2012-13 Fiscal YTD
Canadian Dollar (USD/SCAN)	100.73	100.75	99.25
WTI Oil (USD/bbl)	\$96.37	\$94.62	\$92.44
WYMER Alberta Gas (USD/MMBtu)	\$2.80	\$2.75	\$2.56

Alberta Economic Indicators¹

Population	2010	2011	2012YTD	Mar	Apr	May	Jun	Jul	Aug
Population (000s)	3,721	3,779	3,847		3,847				
% change	1.3	1.6	2.0		2.1				
Net International Migration ² (level)	3,271	13,663	22,542		13,296				
Net International Migration ² (level)	21,793	14,093	17,506		8,675				
Net Non-permanent Residents ² (level)	125	7,388	5,042		2,642				
Labour Market									
Employment (000s)	2,018	2,096	2,141	2,132	2,143	2,152	2,144	2,150	
% change	-0.4	3.8	2.2	3.1	3.9	4.9	3.7	2.2	
Unemployment Rate (%)	6.5	5.5	4.8	5.1	4.3	4.5	4.6	4.5	
Participation Rate (%)	72.8	73.7	73.7	74.0	73.9	73.7	75.3	75.2	
NEW: Average Weekly Earnings (%)	903.28	1,038.69	1,058.30	1,054.38	1,058.44	1,060.07	1,070.68		
% change	4.6	4.6	2.7	3.1	3.2	1.2	4.3		
Price Indices									
Consumer Price Index	1.3	2.4	1.4	1.7	0.6	0.4	1.3	0.9	
Excluding food and energy	0.7	0.8	1.5	1.5	2.1	1.5	1.6	1.4	
New Res. Building Costs Price Index ³	-0.1	3.4	4.3	4.5			4.1		
NEW: Farm Product Price Index	1.5	17.2	4.7	2.0	1.6	4.4	4.7		
Crops	-9.7	18.5	1.6	6.1	1.3	3.5	1.4		
Livestock	5.7	17.2	7.2	6.7	4.9	4.7	2.7		
Household Sector									
Housing Starts (SAMR 000s)	26.9	25.5	33.2	35.6	30.7	33.6	33.9	31.5	
% change	34.8	-5.2	46.2	71.3	79.6	31.6	43.6	29.5	
New Housing Price Index ⁴	0.5	0.4	0.6	3.5	1.2	1.0	1.3		
Edmonton	-0.3	0.9	0.9	0.2	7.3	1.1	0.8		
Calgary	5.8	0.1	0.6	0.8	0.9	0.8	1.7		
MLS Average Resale Prices (\$ 000s)	350.9	352.7	359.2	350.6	362.5	365.5	361.5	362.8	
% change	3.1	0.5	1.7	2.5	1.3	3.9	2.7	3.1	
Edmonton (\$ 000s)	326.5	324.2	332.2	301.3	337.8	333.7	332.2	331.6	
% change	2.3	-0.7	2.9	-7.8	13.3	4.9	3.7	1.1	
Calgary (\$ 000s)	397.4	401.0	405.6	407.8	408.0	413.3	418.2	410.7	
% change	3.4	1.1	0.8	3.4	1.1	2.4	2.3	3.9	
Total Sales	6.0	6.9	5.8	9.8	7.6	8.8	6.6		
New Motor Vehicle Sales	9.6	9.6	13.3	12.9	1.1	22.6	5.8		
NEW: Consumer Bankruptcy ⁵ (level)	3,160	7,029	3,140	508	1,029	510	484		
% change	-18.4	-13.8	-17.4	-16.5	18.3	16.5	-25.4		
Business Sector									
NEW: Rig Drilling (level)	207	285	248	238	141	88	139	198	251
% change	61.3	37.9	-4.2	7.5	-14.4	4.5	7.3	17.5	30.9
Goods Exports (customs based)	12.6	18.5	9.2	9.0	17.0	3.6	-1.1		
Energy	17.4	19.4	11.0	10.0	24.2	2.4	-1.6		
Agriculture	-14.3	21.4	16.4	26.3	16.3	10.2	-0.1		
Total Farm Cash Receipts (quarterly)	-3.7	16.3	28.3	28.3					
Manufacturing Shipments	11.3	18.0	10.6	12.2	8.4	-7.4	5.8		
Wholesale Trade	8.5	15.0	15.5	14.8	19.5	16.9	10.0		
Building Permits	1.3	11.8	15.5	26.9	49.5	20.2	4.4		
Residential	22.4	5.2	21.1	21.8	2.6	37	10.0		
Non-Residential	-18.3	28.9	-9.0	64.6	158.5	13.2	-3.0		
NEW: Business Bankruptcies (level)	378	264	134	19	39	28	22		
% change	-46.7	-30.2	0.8	-26.9	17.6	-27.3	37.5		

YTD (year-to-date) represents the change since the beginning of the year compared to the same point in the previous year.

¹ Unless otherwise indicated, all figures are year-over-year percentage change.

² Quarterly annual numbers are presented on a census year basis (July 1 - June 30).

³ Quarterly, average of Calgary and Edmonton.

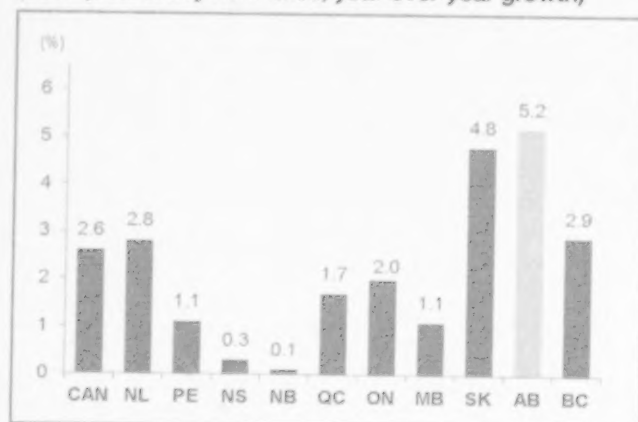
⁴ Average of Calgary and Edmonton.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rig Drilling (Canadian Association of Oilwell Drilling Contractors), and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

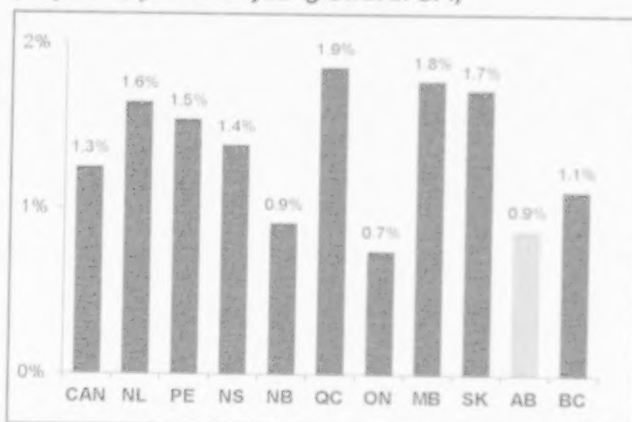
Real GDP Growth by Industry

(2011 preliminary estimates, year-over-year growth)



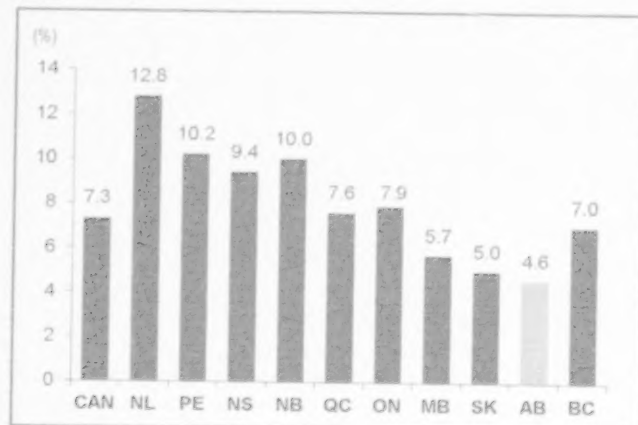
CPI Inflation

(July 2012, year-over-year growth in CPI)



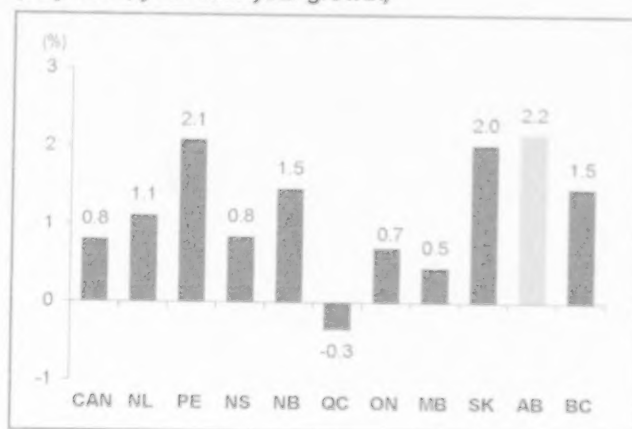
Unemployment Rate

(July 2012)



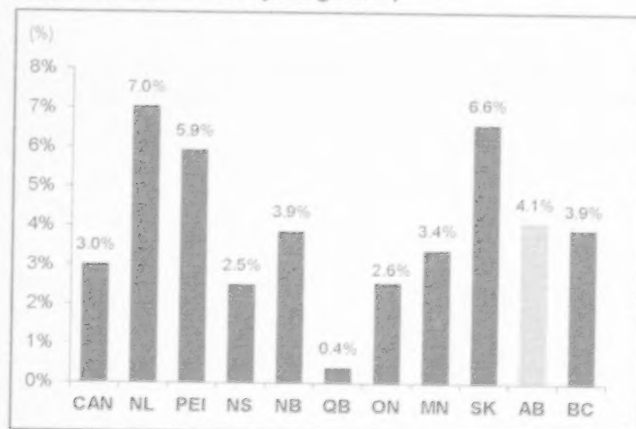
Employment

(July 2012, year-over-year growth)



Average Weekly Earnings

(June 2012, year-over-year growth)



Housing Starts

(July 2012, SAAR, year-over-year growth)

